



Sales & Use Tax Review

Department of Revenue

Professional, Dependable, Accountable...in partnership with South Dakota

Division Overview and Duties

- Responsible for administering sales, use and contractors' excise tax; municipal taxes; special jurisdictions taxes; tourism tax; telecommunications gross receipts tax; and motor vehicle leasing tax
- Issue tax licenses; conduct licensee reviews; work on compliance issues; collect taxes for special events; operate toll-free taxpayer service phone bank; and implement Streamlined Sales Tax Project directives

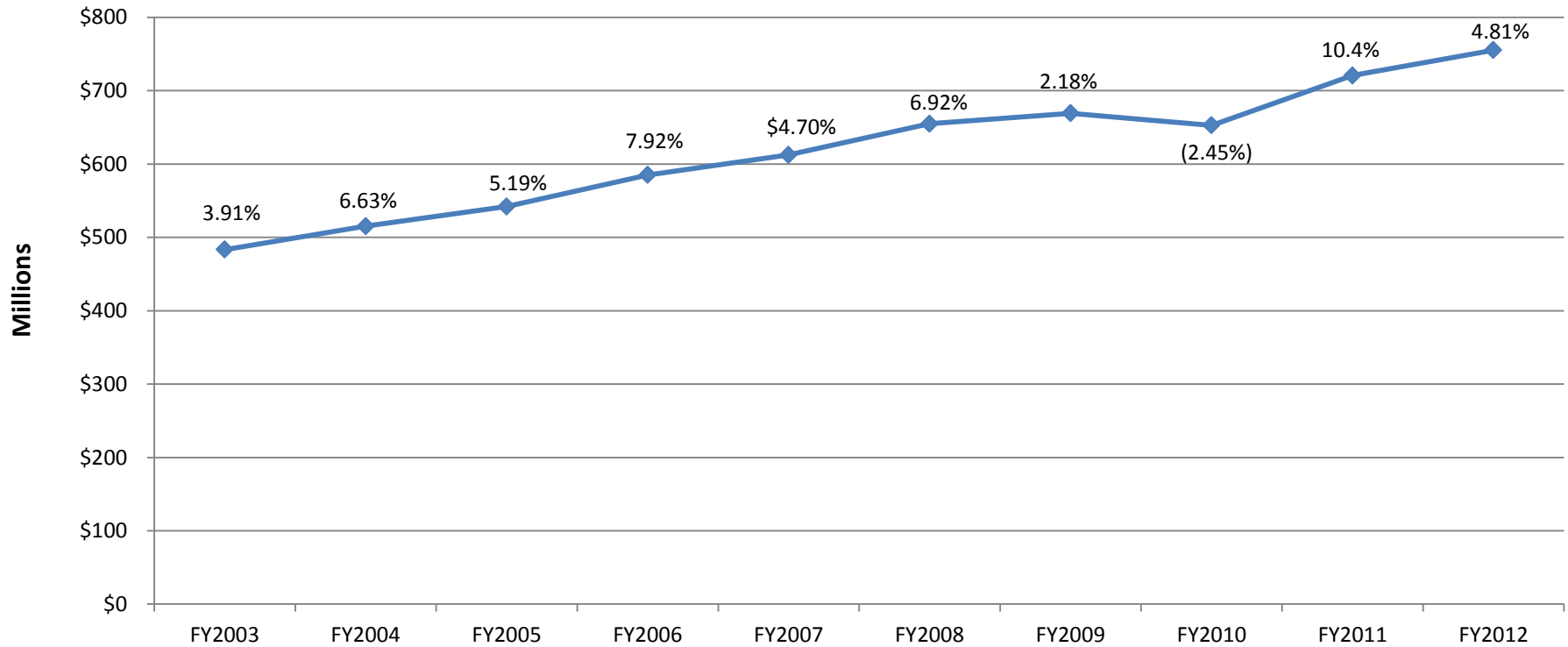
FY2012 Collections by Type of Tax

Type of Tax	FY2012 Collections
Sales Tax	\$755,248,642
Excise Tax	\$82,991,355
Municipal Tax	\$303,463,758
Special Jurisdiction	\$11,773,780
Tourism	\$9,544,379
Telecommunications	\$12,895,257
Motor Vehicle Leasing	\$1,580,827

10 Year History of Sales Tax Revenue

Fiscal Year	<u>Sales and Use Tax</u>	% increase (decrease) over <u>previous year</u>
FY2003	\$ 483,258,902	3.91%
FY2004	\$ 515,301,325	6.63%
FY2005	\$ 542,031,635	5.19%
FY2006	\$ 584,938,828	7.92%
FY2007	\$ 612,427,671	4.70%
FY2008	\$ 654,818,650	6.92%
FY2009	\$ 669,118,106	2.18%
FY2010	\$ 652,743,552	(2.45%)
FY2011	\$ 720,605,500	10.4%
FY2012	\$ 755,248,642	4.81%

10 Year History of Sales Tax Revenue



South Dakota Codified Laws

- 10-1 Department of Revenue
- 10-12A Tribal Agreements
- [10-45](#) [Sales Tax](#)
- 10-45B Construction Refunds(sunset 1-1-2013)
- 10-45D Tourism Tax
- [10-46](#) [Use Tax](#)
- 10-46A Contractors' Excise Tax
- 10-46B Alternative Contractors' Excise Tax
- 10-46E Farm Machinery, Farm Attachment Units, & Irrigation Equipment
- 10-52 Municipal Tax
- 10-52A Municipal Gross Receipts Tax
- 10-58 Amusement Devices
- 10-59 Administration
- 1-26 Administration

Sales Tax

- **Applied to retailer's gross receipts from all sales of tangible personal property, services & products transferred electronically**



Gross Receipts

Include:

- **Taxable and Nontaxable Sales**
- **Special Jurisdiction Sales**
- **Barters**
- **Freight Charges**
- **Reimbursable Expenses
Except Accountants
and Attorneys**
- **Lottery Receipts**

Does not include:

- **Sales Tax Collected**
- **Trade-Ins**
- **Late Charge for Overdue
Accounts**
- **Bad Debt Fees**
- **Cash Discounts**
- **Luxury Tax**
- **Interest**

Exempt Transactions

- **Sales for resale**
- **Exempt product or service**
- **Sales to governmental entities**
- **Sales to non-profit charitable hospitals**
- **Sales to accredited educational institutions**
- **Sales to relief agencies**
- **Out-of-state deliveries**

Exempt Products or Services

- **Prescription drugs**
- **Late charges on overdue accounts**
- **Cash discounts**
- **Trade-ins**
- **Repair parts & maintenance items for farm machinery**
- **Health services**



SALES AND USE TAX RETURN

Reporting Period

Return

Return Due

File Code

☐ CHECK FOR CHANGE OF ADDRESS BELOW

☐ Check if out of business
Last day of business: _____

License #

SALES TAX CALCULATIONS	GROSS	TAXABLE	RATE	TAX DUE
1. Gross Sales	5,000.00			
2. Use Taxable				
3. Non-Taxable Sales				
4. Special Jurisdiction Sales (Detail in City Section)				
5. Net State Sales Taxable (Line 1 plus Line 2, minus Line 3, minus Line 4)		5,000.00	x 4%	200.00
6. City & Special Jurisdiction Tax Calculation Detail:				
7. City/Special Jurisdiction Name	Code	Taxable	Rate	Tax Due
8. Rapid City	298-2	5,000.00	2%	100.00
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
21.				
22. Total City/Special Jurisdiction Tax (Add Lines 8 through 21)				100.00
23. Total Tax Due (Line 5 plus Line 22)				300.00
24. Penalty/Interest				
25. Adjustment (Previous Credit/Balance Due)				
26. Total Due (Line 23 plus Line 24 plus Line 25)				300.00
27. Amount Remitted				300.00

I declare under the penalties of perjury this return has been examined by me and to the best of my knowledge and belief is a true, correct and complete return.

Date

Preparer

Date

Licensee

Use Tax: An Overview

- **Applies when sales tax is not properly charged**
- **Same rate as the state and municipal sales tax**
- **Applies to selling/purchasing price including freight or delivery charges**
- **Retailer pays sales tax – purchaser pays use tax**
- **Purchases for resale are exempt from use tax**
- **Sales tax exemptions apply to use tax**

Excise Tax: An Overview

- 2% tax on contractors' gross receipts for realty improvements
- Gross receipts include labor, materials, profit and taxes
- Prime contractors pay 2% on their gross receipts
- Subcontractors do not pay 2% if they receive a prime contractors' exemption certificate
- Contractors owe use tax on materials
- Excise tax was implemented in 1979 with a rate of 4%; decreased to its current rate of 2% in 1984

Business Tax Division Website

➤ Materials available on the Business Tax Division website include:

- Statistical Reports
 - Sales Tax Guide
 - Contractors' Excise Tax Guide
 - Municipal Tax Publications
 - Newsletter
 - Tax Facts
 - Tax Education information, seminar schedules and registration
- ...and much, much more!!

Check it out at:

<http://www.state.sd.us/drr2/businessstax/bustax.htm>



Department of Revenue

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